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U.S. DISTRICT COURT  
EASTERN DISTRICT  
OF NEW YORK

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK  
UNITED STATES OF AMERICA and  
STATE OF NEW YORK  
ex. rel. Robert Rugelis

CV 12

5418

, Relator

No.

v.

GLEESON, J

ASA INSTITUTE OF BUSINESS AND COMPUTER  
TECHNOLOGY, INC.,

SCANLON, M.J.

Defendants

## COMPLAINT

(Filed in-camera pursuant to 31 USC §3730(b)(2))

## INTRODUCTION

1. This is an action under the Federal False Claims Act, 31 USC 3729-3733 and the New York State False Claims Act which is brought on behalf of the United States of America and the State of New York by Relator Robert Rugelis.
2. As set forth in more detail below, Relator alleges that Defendant ASA Institute of Business and Computer Technology, Inc. ("ASA") defrauded the government by fraudulently manipulating grade and attendance records of its students in order to obtain state and federal education loans and grants. Relator has served or will promptly serve a copy of this complaint and a written disclosure on the Government pursuant to 31 USC 3730(b)(2).

## **JURISDICTION AND VENUE**

3. This action is specifically authorized by 31 USC 3730(b). This court has subject matter jurisdiction of this matter pursuant to 31 USC 3730(b) and 28 USC 1331 and personal jurisdiction in that the Defendant resides in New York.
4. Defendant ASA transacts business in the State of New York, County of Kings. Venue is therefore appropriate in the Eastern District of New York pursuant to 31 U.S.C. Section 3732.

## **THE PARTIES**

5. Relator Robert Rugelis ("Relator" or "Mr. Rugelis") is a natural person residing in the State of New York.
6. Relator brings this action on behalf of the United States pursuant to 31 USC 3730 (b)(1). Relator is the original source of and has direct and independent knowledge of the allegations in this Complaint.
7. Upon information and belief, Defendant ASA is a New York business corporation with a principal place of business at 81 Willoughby Street, Brooklyn, NY.

## **FACTUAL BACKGROUND**

8. Mr. Rugelis was employed by Defendant as an adjunct professor for approximately 2 years until his employment ended in September of 2012.
9. The Defendant is a for-profit two-year college in New York which receives a substantial amount of money every year in the form of Title IV federal aid such as Pell Grants and Stafford Loans as well as New York equivalents.
10. Upon information and belief, Defendant regularly and systematically manipulates the grades of its students so that they can qualify for financial aid for the benefit of Defendant.
11. For example, in the most recent semester, ASA's administration entered grades of C+ into its system for three students – JE, ZB, and AK even though Mr. Rugelis had not entered any information for those students and intended to fail them. There is no legitimate reason for ASA to have done this.
12. Further, an additional 3 students – CA, CW, and AW – had all been given failing grades by Mr. Rugelis. The administration changed their grades to C's without any notice or consultation with Mr. Rugelis. There is no legitimate reason for ASA to have done this.

13. As a further example, another three students -- RU, JL, and NG -- were given F grades and not withdrawn even though they attended only 4, 1 and 2 classes the entire semester respectively. There is no reason for ASA to have done this except to keep these students' federal and state grant monies.
14. As a final example, another student, DA was registered by the Defendant as a student even though he was away in the United Kingdom for a semester.
15. The grade and attendance records referred to above constitute false records material to a false claim in that they are fraudulent and resulted in ASA receiving more state and federal monies in the form of grants and loans than it otherwise would have received had the records been accurate.

### **AS AND FOR A FIRST CAUSE OF ACTION**

16. Relator repeat all of the above allegations, with the same force and effect as if set forth in full herein.
17. As set forth above, Defendant ASA knowingly presented, or caused to be presented, to the United States Government, false or fraudulent claims for payment or approval; and/or knowingly made, used, or caused to made or used, false records or statements to get false or fraudulent claims approved by the United States Government.
18. The United States Government has been damaged as a result of the foregoing.

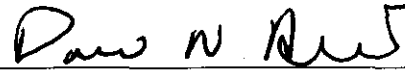
### **AS AND FOR A SECOND CAUSE OF ACTION**

19. Relator repeats all of the above allegations with the same force and effect as if set forth in full herein.
20. As set forth above, ASA knowingly presented, or caused to be presented, to the State of New York, false or fraudulent claims for payment or approval; and/or knowingly made, used, or caused to made or used, false records or statements to get false or fraudulent claims approved by the State of New York.
24. The State of New York has been damaged as a result of the foregoing.

**[continued on next page]**

WHEREFORE the United States and the State of New York ex rel Mr. Rugelis demand judgment against Defendant ASA in the full amount of all grant and loan monies realized as a result of its fraudulent conduct, together with multiple damages, interest, attorneys fees, cost, and all other relief available under the applicable statutes, and such other and further relief as the Court deems just.

Dated: November 2, 2012

A handwritten signature in black ink, appearing to read "David N. Abrams", written over a horizontal line.

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